



Joint Healthy Communities and Resources Policy Advisory Group (SBDC)

Monday, 29 January 2018 at 6.00 pm

Room 6, Capswood, Oxford Road, Denham

A G E N D A

This Policy Advisory Group meeting is not open to the public

Item

1. Apologies for Absence

To receive any apologies for absence.

2. Declarations of Interest

To receive any declarations of interest

*REPORTS LIKELY TO LEAD TO PORTFOLIO HOLDER
RECOMMENDATION TO CABINET*

3. Redevelopment of former Gerrards Cross Police Station site (*Pages 3 - 12*)

Appendix A (Pages 13 - 14)

Appendix B (Pages 15 - 22)

Appendix C (Pages 23 - 24)

VERBAL UPDATES

4. Gerrards Cross Station Road Car Park (*Verbal Report*)

5. Capswood 1 Lettings (*Verbal Report*)

6. Any Other Business

Any other business that the Chairman deems urgent.

7. Exempt Information

“That under Section 100(A)(4) of the Local Government Act 1972 following item of business is not for publication to the press or public on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.”

8. Redevelopment of former Gerrards Cross Police Station site - Confidential appendix

Reasons for restriction: Paragraph(s) 3 Information relating to the financial or business affairs of any particular persons (including the authority holding that information).

Appendix D (Pages 25 - 26)

Note: All reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman’s discretion.

Membership: Healthy Communities and Resources Policy Advisory Group (SBDC)

Councillors:

P Kelly (Chairman – Healthy Communities)

D Anthony (Healthy Communities)

P Bastiman (Healthy Communities)

M Bezzant (Healthy Communities)

Dr W Matthews (Healthy Communities)

D Pepler (Healthy Communities)

B Gibbs (Chairman – Resources)

R Bagge (Resources)

S Chhokar (Resources)

D Dhillon (Resources)

P Hogan (Resources)

J Jordan (Resources)

If you would like this document in large print or an alternative format, please contact 01895 837236; email democraticservices@southbucks.gov.uk

SUBJECT:	Redevelopment of former Gerrards Cross Police Station site
REPORT OF:	Resources Portfolio Holder - Cllr Barbara Gibbs Health Communities Portfolio Holder – Cllr Paul Kelly
RESPONSIBLE OFFICER	Chris Marchant – Head of Environment
REPORT AUTHOR	Anwar Zaman, 01494 732753, azaman@chiltern.gov.uk
WARD/S AFFECTED	Denham Parish Council and Gerrards Cross Town Council

1. Purpose of Report

1.1 This report:

- Provides an update on the current position regarding the redevelopment of the former Gerrards Cross Police Station site.
- Presents the draft business case, based on the latest estimate cost, ahead of the final business case to be approved by Cabinet once 100% cost certainty is obtained.

RECOMMENDATION

1. **To note the current position and the draft business case.**

2. Executive Summary

- 2.1 The Gerrards Cross Police Station site was acquired by SBDC on 31 March 2017 for redevelopment to deliver rented housing.
- 2.2 The Council has procured the services of Pick Everard, through the use of the Scape framework, to act as the client Project Manager, Quantity surveyor and Designer to manage the design development.
- 2.3 A design has been developed and submitted for planning approval on 22 December 2017.
- 2.4 The proposed design complies with the project brief criteria of providing the mix of accommodation on the site to achieve the most commercially viable option taking into account:
- the requirements of the commercial agents' most profitable accommodation schedule,
 - the preferences of the District Councils housing team for affordable housing, and
 - the requirements of the Local Planning Authority.
- 2.5 The plans provide for 34 apartments which subject to a viability assessment will provide for 20 private rent apartments and 14 apartments for affordable rent - to meet the 40% affordable housing requirement.

- 2.6 The proposed building design can be constructed using various principles of construction using steel frame, structural insulated panels, timber frame or traditional brick and block masonry. The later two methods of construction have been recommended to be considered suitable for the site by the Contractor and estimate costs developed.
- 2.7 The commercial agent recommends that traditional brick and block masonry walls with cavity construction for housing (providing the structure is designed with a life-span in excess of 50 years) is generally favoured commercially over other forms of construction and that for this form materials and skills are readily available.
- 2.8 The expenditure to further develop the detail design and business case is within the allocated £800k agreed by Cabinet on 08 February 2017. The current expenditure on developing the project to planning submission stage is £352k and a project order is now required with Willmott Dixon to provide 100% cost certainty.
- 2.9 To enable this project to proceed, the Council will need to invest an estimated £8.53m for traditional brick and block cavity form of construction and any associated fees if planning is granted.
- 2.10 The proposal is for the project cost to be financed by way of a loan from the Public Works Loan Board (PWLb).
- 2.11 The estimated annual net rental is £297,125, based on property consultant's figures.
- 2.12 The draft business case indicates that the rental return on this development will be sufficient to repay the capital expenditure over the lifetime of the asset.

3. Reasons for Recommendations

- 3.1 Due to the Council's projected financial position over the next few years, it is clear that the Council needs to maximise income generating opportunities in order to counter reductions in Government grant. This development opportunity can deliver a financial return whilst also meeting housing need.

4. Background

- 4.1 Cabinet on 08 February 2017 considered and agreed to:
- Make budgetary provision of £4,222,500 from the Capital Receipts Reserves to enable the continued purchase of the site and meet the associated expenditure required by the Council to meet its obligations in acquiring the site.
 - Add £5.3m budgetary provision to the Capital Programme, which will result in additional borrowing to enable the site to be redeveloped for housing and to authorise the Head of Environment to draw down expenditure up to £800k from the Capital Programme to initiate the scope of works required to bring the site to development.

-
- The Head of Environment be authorised to undertake the procurement process for the demolition of the current police station and ex-police houses on a phased basis, following the receipt of planning permission.
 - A project manager and developer be appointed through the Scape framework agreement, to obtain detailed design and planning approval for housing on the Gerrards Cross Police station site and to provide the detailed business plan at an estimated cost of £800k. A further report to be presented on the detailed business plan before moving to the development phase.
- 4.2 The site was acquired by SBDC from Thames Valley Police on the 31 March 2017 for £4m.
- 4.3 The site is shown edged in red on the plan at **Appendix A** which extends 0.784 Hectares (7,835m²) and comprises the now disused Gerrards Cross Police Station, with eight number residential properties. The site is located adjacent to Oxford Road in Tatling end in Denham.
- 4.4 A project board was established to develop the redevelopment proposals with portfolio holder representation on the board.
- 4.5 The proposed development comprises 34 residential dwellings which are to be delivered in four separate buildings - A three-storey building which seeks to replace the former Police Station, and three two-storey pitched roofed properties to be developed across the remainder of the site.
- 4.6 Consideration was given to the nature of the site and the location of the site within the existing Green Belt and as a result the proposals seek to deliver a development which retains the open space areas on site and low maintenance landscaping to enhance the built environment.
- 4.7 A total of 62 vehicle parking spaces are to be provided as part of the proposed development with 40 cycle parking spaces in addition to the existing 22 spaces.
- 4.8 The proposals developed and submitted for planning on 22 December 2017 are shown in **Appendix B**.
- 4.9 The Scape framework engaged to procure the consultancy and contracting services for developing the project is available to any public body nationally. To ensure that best value is provided to the Client in terms of financial viability, the Scape framework operates a transparent open-book process where copies of tender enquiries and subcontractor quotation are made available to the Client. Using the framework allows access to competitive market tested rates in the built environment and is an alternative to procurement through the OJEU tendering process.

5. Discussion**Current Cost Estimates**

- 5.1 The framework Contractor Willmott Dixon has provided initial cost estimates for both timber frame and traditional brick and block forms of construction.
- 5.2 A summary of the Willmott Dixon project cost estimates for brick and block form of construction is shown on **Appendix D**.
- 5.3 Initial overall project cost estimates for traditional brick and block construction is £8,529,286.
- 5.4 The estimate costs does not include for project risks such as contamination, archaeology, ordinance, judicial review cost, planning condition discharge or conditions on unreasonable working hours, dealing with any invasive or protected species.
- 5.5 The contamination cost are not included for in the estimate cost as the Council can reclaim up to £200,000 for any contamination costs incurred as part of a condition of sale on purchasing the Police site. These costs need to be claimed within 2 years.
- 5.6 In addition an application for up to £400k of central Government funding from the Land Release fund through the One Public Estate has been submitted. Results of which are expected in the next few weeks.
- 5.7 The £5.3M budgetary provision to the Capital Programme approved in February 2017 was based on a desktop estimate as part of the Council's strategic asset review document produced by Consultants Saville's before any site investigation, surveys and pre-planning advice.
- 5.8 Willmott Dixon has subsequently provided initial works cost estimates based on a worked up design using actual site survey data and resent similar projects for 34 residential units for both timber frame (£7,009,511) and traditional brick and block (£7,149,000) forms of construction.

Timber Frame V Brick and Block

- 5.9 It is proposed to proceed with brick and block form of construction as compared to timber form:
- given the cost differential between the two forms of construction is under 3.5%
 - the commercial agent recommending that traditional brick and block masonry walls with cavity construction for housing (providing the structure is designed with a life-span in excess of 50 years) is generally favoured commercially over other forms of construction due to perceived solid nature of construction, longevity, superior sound properties.

5.10 Materials and skills are readily available for brick and block compared with timber form.

Alternative Procurement Options

5.11 Rather than proceeding with the framework Contractor (Willmott Dixon) alternative procurement options could be considered. For instance two stage tendering using the Southern Contractors framework, or a single stage design and build using OJEU tendering process.

5.12 Pursuing alternative methods of procurement would add approximately 6-7 months to the overall delivery of the scheme and there is no guarantee that using these alternative procurement methods would achieve a reduction in construction costs.

5.13 The consultant Pick Everards recommends that the current Willmott Dixon proposal reflects current market rates/value for a project of this nature and size.

5.14 To obtain 100% cost certainty under the framework there are two potential options;

	Traditional preconstruction services contract (PSCDA)	Project order (PO) – Surety route
Financial commitment	£333,000 which includes design cost for Stage 4, additional Site Investigations, Willmott Dixon Preconstruction management fees.	£100,000 to include Willmott Dixon development costs, limited and focused design solutions and site investigations to inform a firm price. Work to an agreed target Gross Maximum Price (GMP) – scope and design will meet the high level performance Employer Requirements.
Preconstruction period	28 weeks	10 Weeks
Upside	<ul style="list-style-type: none"> - Cost certainty at point of main delivery agreement. - Construction design substantially complete at point of main delivery agreement. - Willmott Dixon supply chain procurement substantially complete at point of main delivery agreement. - Open book tender process - Willmott Dixon can mobilise at point of contract 	<ul style="list-style-type: none"> - SBDC financial commitment during the preconstruction period is lower than with the PSCDA route - Preconstruction period to point of main delivery agreement is shorter. - Detailed design can start after planning consent resolved - Site enabling (Demolition etc.) can progress once in contract, and whilst detailed design is progressing.

Downside	<ul style="list-style-type: none"> - SBDC preconstruction cost commitment £333K on signing the PSCDA - Preconstruction period from signing the PSCDA to point of contract is 28 weeks - Detailed design has to progress at risk during the planning period until consent. - Enabling works instructed under separate contractual arrangement, during the PSCDA 	<ul style="list-style-type: none"> - Willmott Dixon tender process becomes closed, no benefit or visibility of detailed pricing activity. - Willmott Dixon cost the risk that is apparent at this early point. - Tender price could possibly be higher than PSDA route as Contractor making allowance for risk - There is a 4 month lead in from point of contract to site start. There is a potential to start on site earlier if the stage 4 design is commissioned as soon as Willmott Dixon give surety price.
----------	--	--

5.15 Willmott Dixon have indicated that they are able to agree a Gross Maximum Price that will not exceed their cost estimate provided and confirmation of this is awaited.

5.16 As discussed at the Corporate Property Board in January 18, it is proposed to proceed with obtaining a firm price. To do this we will follow the surety route but with a gateway set at a cost of £50k to provide certainty that the cost will not exceed the Gross Maximum Price.

5.17 When the final 100% cost certainty price is received Cabinet will be asked to consider whether the final price provides value for money or whether an alternative procurement option needs to be pursued.

6. Business Case

6.1 Investing in the construction of 34 new apartments, based on the Willmott Dixon estimate for traditional brick and block construction, will generate a financial return from the resulting rental income.

6.2 The estimated cash flows from this development have been modelled and are shown in **Appendix C**.

6.3 This shows that the estimated annual net rental income of c£297,000 will be more than sufficient to cover the loan interest and any repairs & maintenance costs. Furthermore the profit on rental income from the development will be sufficient to repay the build cost over the lifetime of the asset.

6.4 The model has been drawn up using the best figures currently available and are based on various assumptions. For instance:

- Inflation is assumed to be 3% per annum and this is also the discount rate used.
- The rental charges are increased in line with inflation i.e. 3% per annum.

3% is in line with the Government's RPI figures published in the Autumn Statement.

The initial monthly rental is in line with commercial agent rentals figures for the local area.

6.5 The proposal is for the project cost to be financed by way of a loan from the Public Works Loan Board (PWLb). The current rate of interest on a 40 year annuity loan is 2.62%.

6.6 Sensitivity Analysis is provided below as the financial model is only an estimate and changing any of the assumptions will affect the return. For instance if the loan rate goes up, the profitability goes down, if the monthly rent increase the profitability goes up and of course vice versa.

	Base Model	Reduce Build Cost by 10%	Interest rate 0.5% higher	Rents 10% higher	Increase rents by rpi +0.5%
Build Cost	£8,529,286	£7,676,357	£8,529,286	£8,529,286	£8,529,286
Loan Interest Rate	2.62%	2.62%	3.12%	2.62%	2.62%
Annual Rent	£297,127	£297,127	£297,127	£326,840	£297,127
Annual increase in rent	RPI	RPI	RPI	RPI	RPI 0.5%
Internal Rate of Return (IRR) (Should be above loan interest rate)	3.95%	4.54%	3.95%	4.53%	4.44%
Net Present Value over 40 yrs (Negative is good)	£1,970,198	£798,452	£2,735,191	£922,923	£985,831
Total Profit over 40 years (Negative is good)	-£5,447,466	-£6,834,174	-£4,266,979	-£7,517,239	-£7,785,694

7. Programme

7.1 The following table outlines the current timetable based on appointing Willmott Dixon for a Brick and Block construction.

Joint PAG to review initial business case	29-01-18
Cabinet to review initial business case	07-02-18
Technical design complete	20-03-18
Final Contractor tender cost	24-04-18
Planning Approval & Judicial Review	25-05-18
Cabinet final approval	04-06-18
Contractor Mobilisation	05-06-18
Completion	17-09-19

8. Consultation

- 8.1 A project communication plan has been established which sets out engagement with stakeholders and members of the public.
- 8.2 Before the planning application, a public consultation was carried out where display boards were set up in the reception area at the South Bucks District Council offices (Capswood) from 1 December to 15 December 2017.
- 8.3 The local residents, Denham Parish Council in Gerrards Cross Town Council were contacted and an area on our website was setup where details of the proposals could be found and comments left.
- 8.4 There were no objections received during the consultation.

9. Corporate Implications

- 9.1 Financial – See above and Business case.
- 9.2 The remaining risks to this project include:
- Planning and any conditions that could be imposed that may have cost implications. Allow 6 weeks after consent issues for any JR period before contracts signed for construction.
 - Relocating the current tenants in the existing 8 police houses in time for the enabling works to start. These houses are currently occupied by the housing association tenants on a short term lease basis.
 - Procurement route selected will impact on the Programme.
 - The project cost is currently based on estimates and 100% cost certainty needs to be developed through tendering and final business case approved by Cabinet.
 - Future rental income is estimated in the business case.

10. Links to Council Policy Objectives

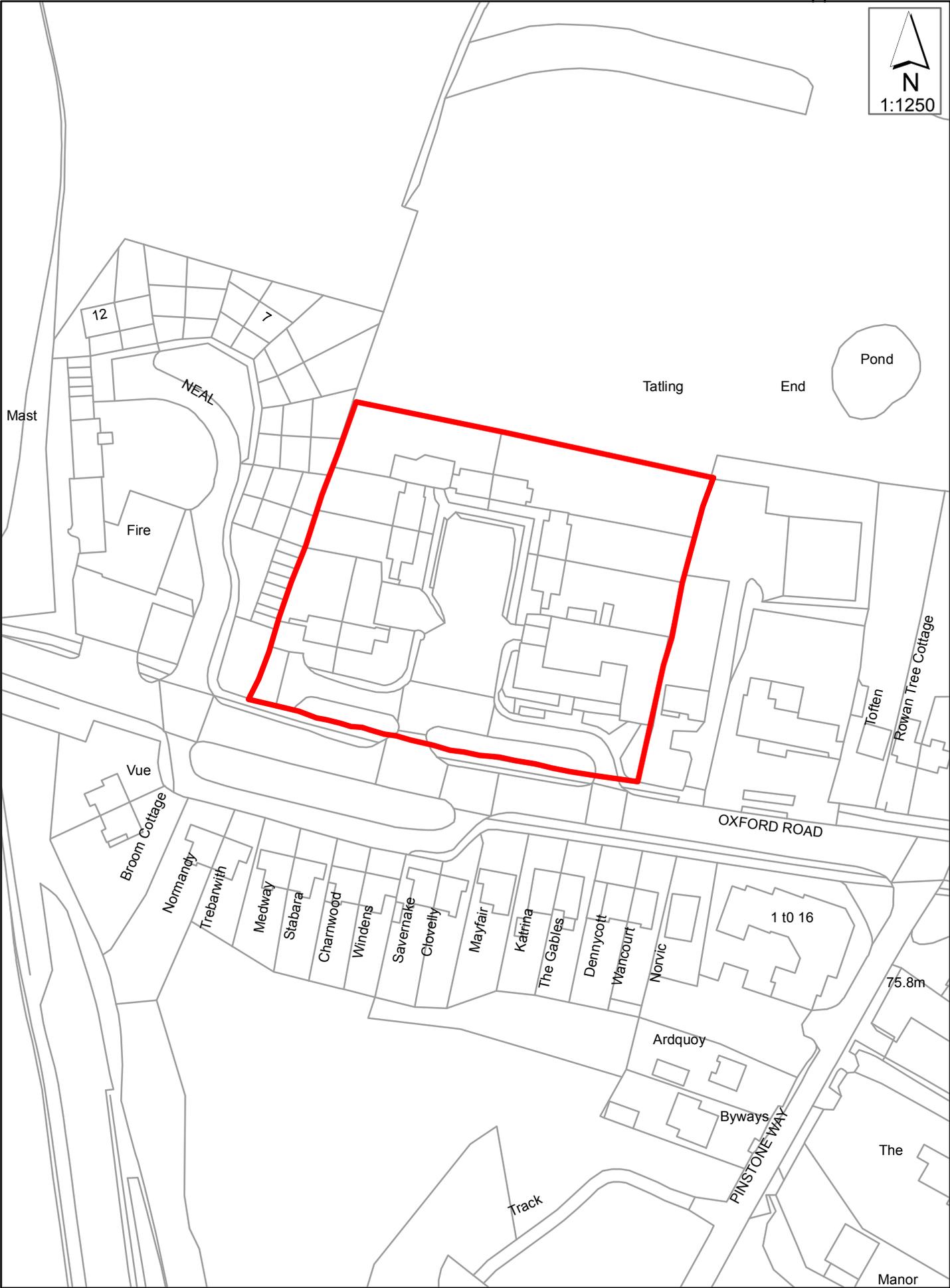
- 10.1 This matter is related to the Council's corporate aims to deliver cost effective, customer focused services, and to promote local communities.
- 10.2 This report also progresses the aims of the Council's asset management plan.
- 10.3 This scheme will help towards meeting the affordable housing need in our district and provides an income for the Council.

11. Next Step

- 11.1 The planning application will be considered by the Planning Committee.
- 11.2 Willmott Dixon will continue to develop detailed design proposals, and will continue to firm up their price.
- 11.3 The final cost and associated business case will be presented to Cabinet in June for final approval.

Background Papers:	Cabinet Report 08 February 2017
---------------------------	---------------------------------

This page is intentionally left blank



**Gerrards Cross police Station Houses, Oxford Road, Denham
APPENDIX A - SITE PLAN**

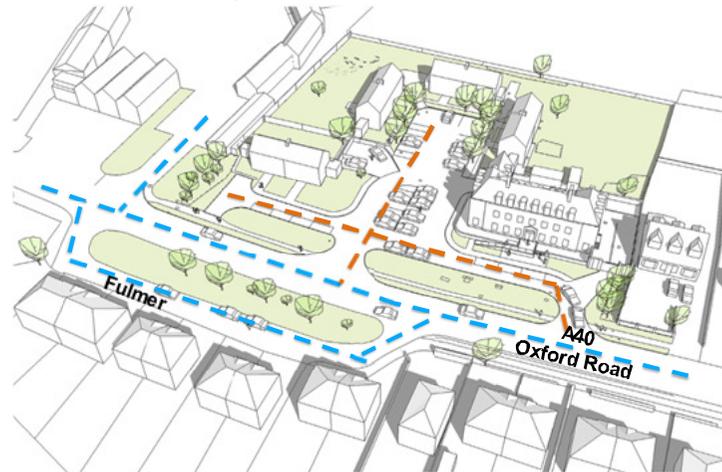
This page is intentionally left blank

Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Location and Masterplan



View 1 – Accessibility Network



View 3 – Existing Site



View 2 – Proposed Aerial View

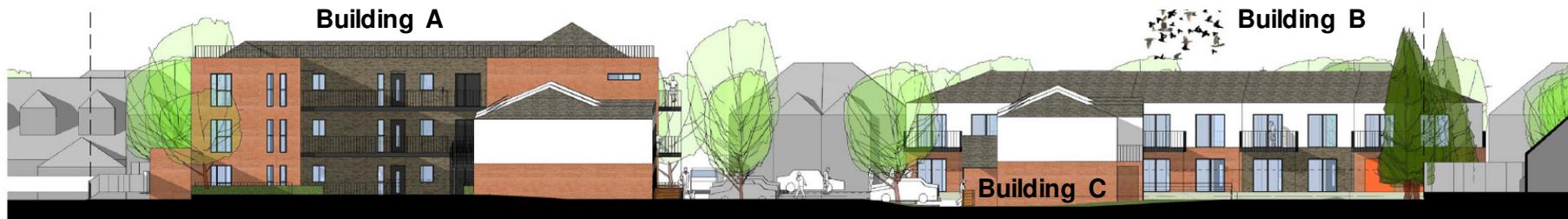


View 4 – Proposed Site Plan

Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Elevations

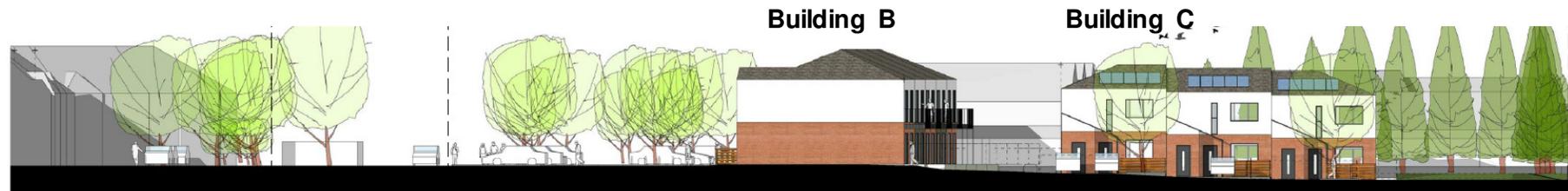
O10PS



View 1 – Proposed North Elevation



View 2 – Proposed South Elevation



View 3 – Proposed East Elevation



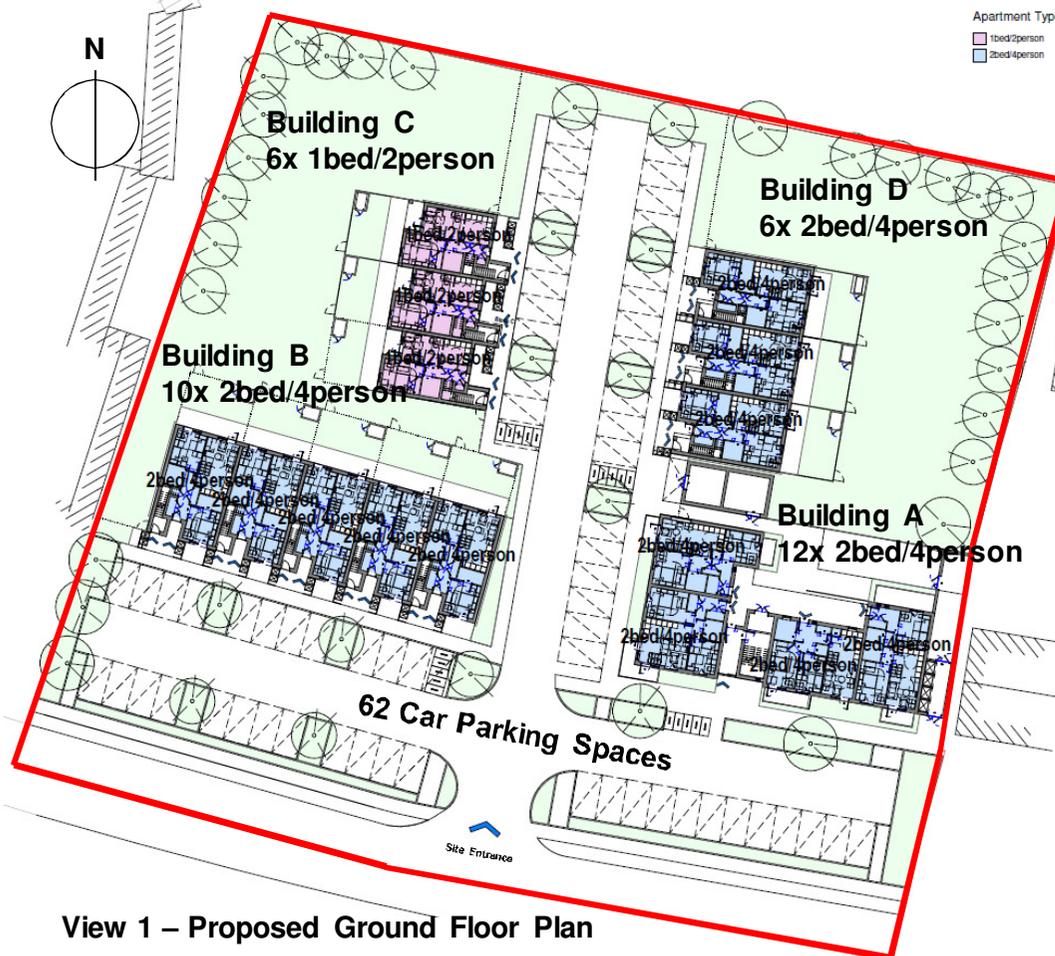
View 4 – Proposed West Elevation



Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Plans - Typologies

O10PS



View 2 – Proposed First Floor Plan



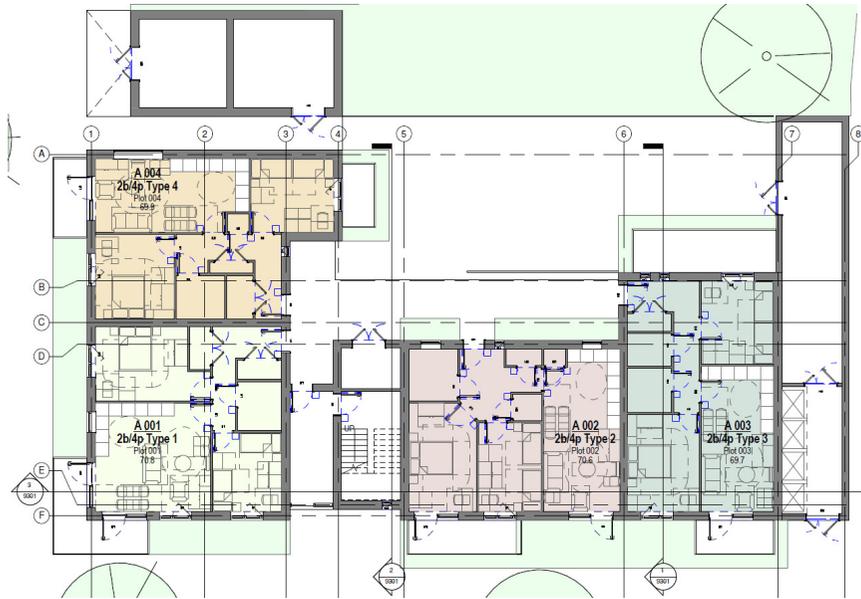
View 3 – Proposed Second Floor Plan

View 1 – Proposed Ground Floor Plan

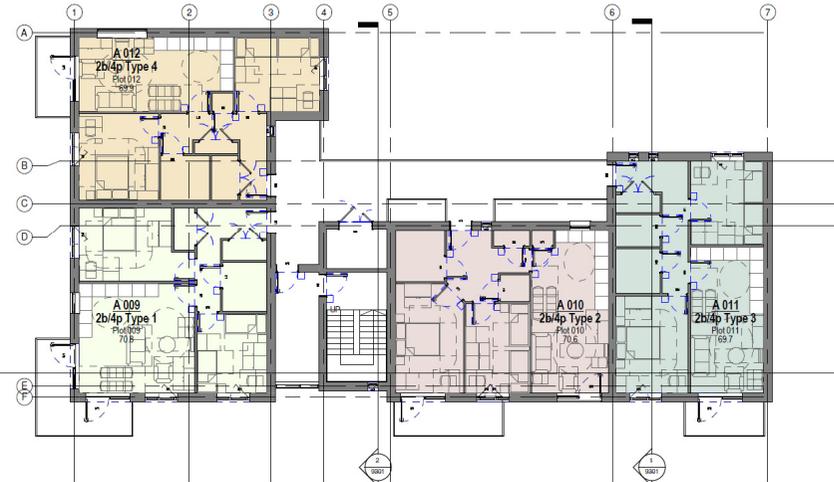
Accommodation Schedule	Number of Units	Proportion
1Bed / 2Person Apartment	6	18 %
2Bed / 4Person Apartment	28	82 %
Total:	34	100 %
62 Car parking Spaces		



Building A - GA Plans



View 1 – Proposed Ground Floor Plan

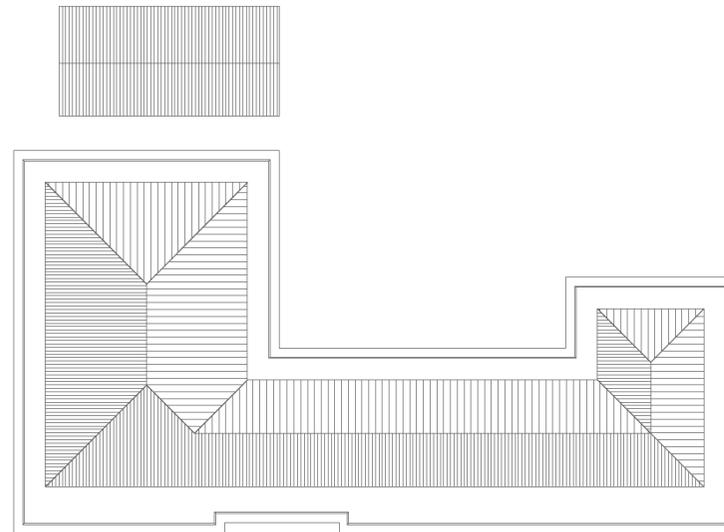


View 3 – Proposed Second Floor Plan

- Apartment Types
- 2b/4p Type 1
 - 2b/4p Type 2
 - 2b/4p Type 3
 - 2b/4p Type 4



View 2 – Proposed First Floor Plan



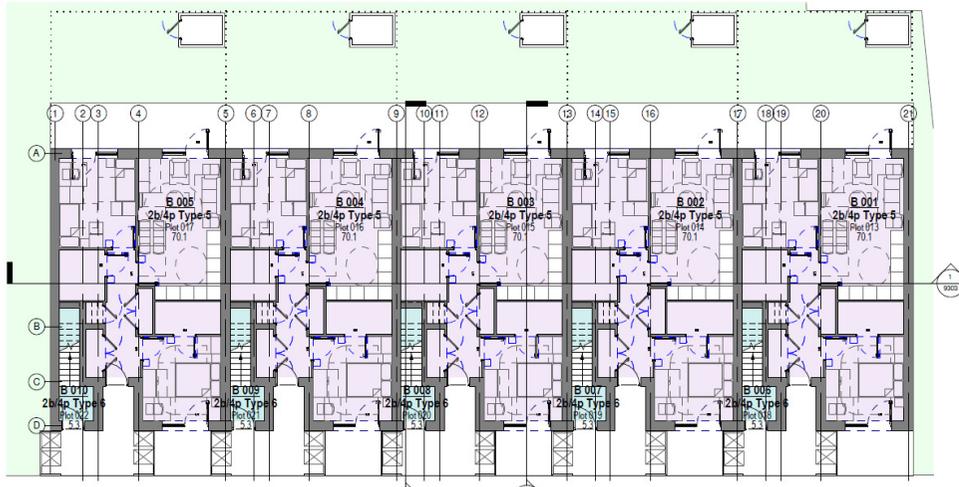
View 4 – Proposed Roof Plan



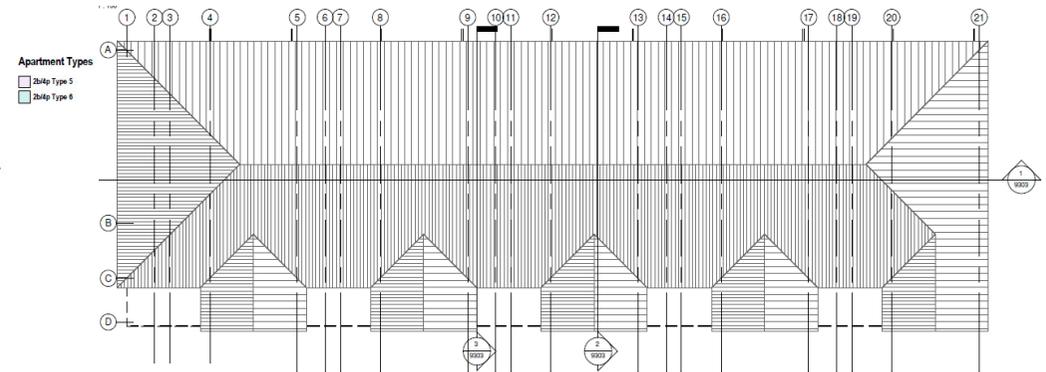
Appendix B – Proposals Submitted for Planning - Redevelopment of Former Gerrards Cross Police Station Site

Building B - GA Plans

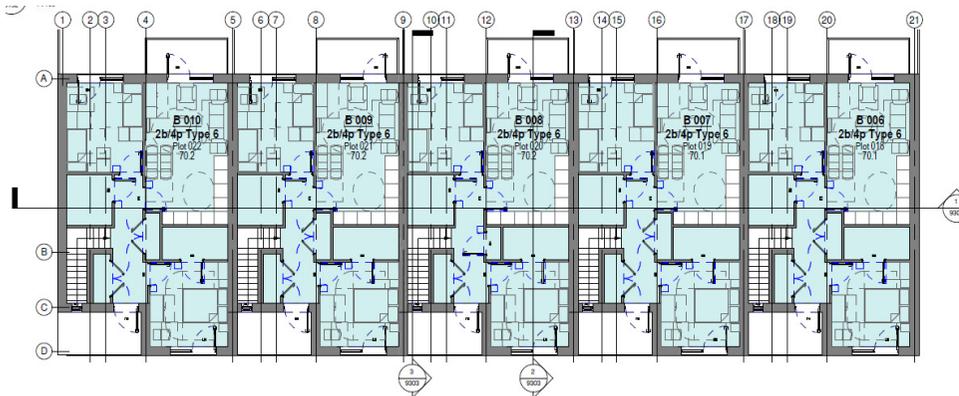
O10PS



View 1 – Proposed Ground Floor Plan



View 3 – Proposed Roof Plan



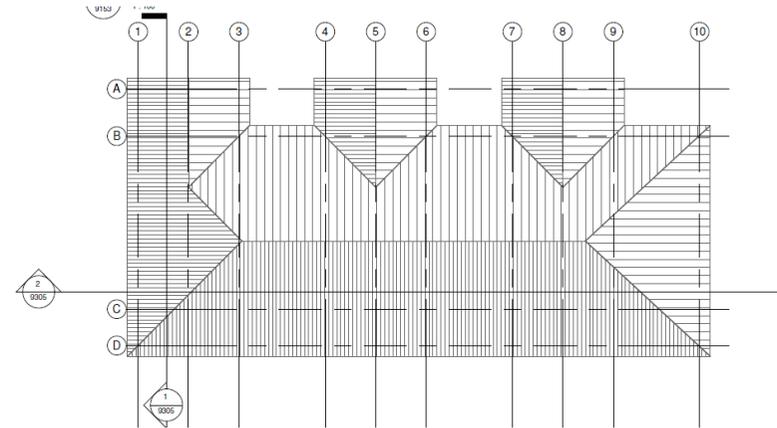
View 2 – Proposed First Floor Plan



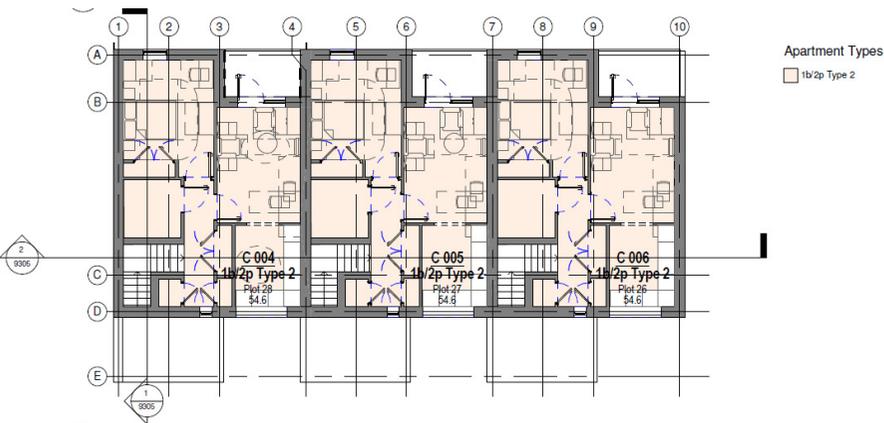
Building C - GA Plans



View 1 – Proposed Ground Floor Plan

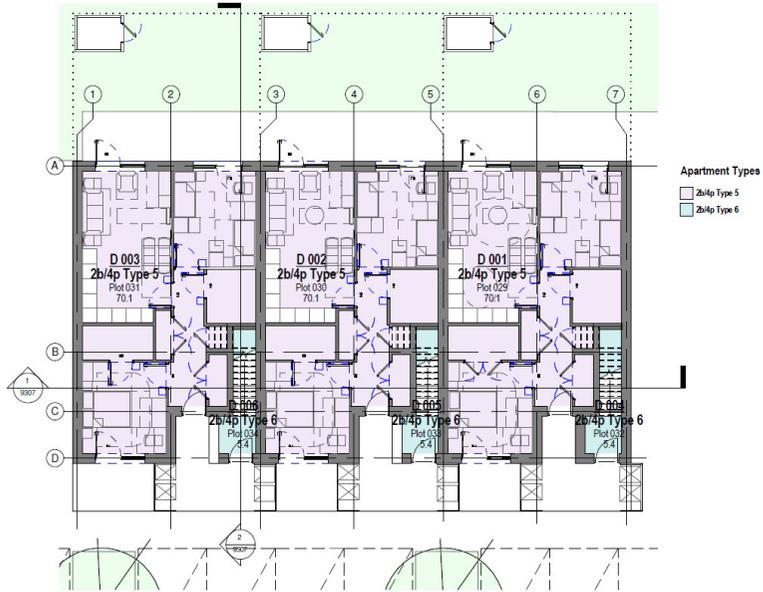


View 3 – Proposed Roof Plan

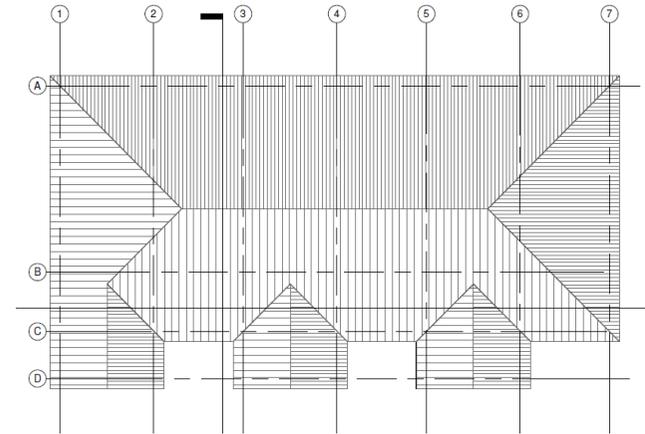


View 2 – Proposed First Floor Plan

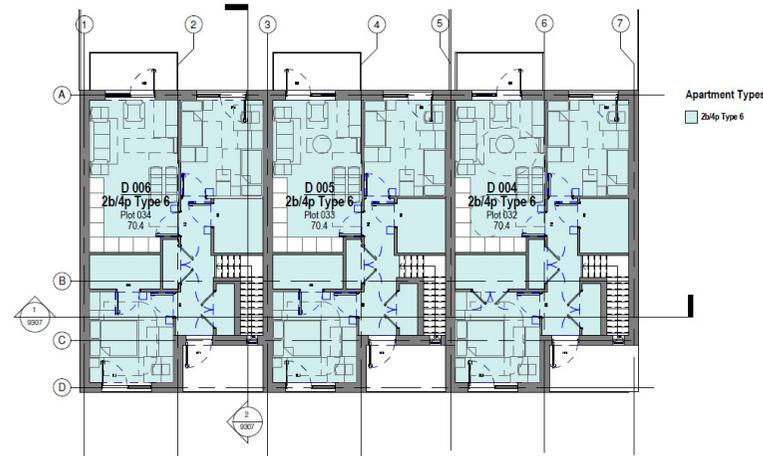
Building D - GA Plans



View 1 – Proposed Ground Floor Plan



View 3 – Proposed Roof Plan



View 2 – Proposed First Floor Plan

This page is intentionally left blank

Year			Capital Expenditure (Excluding VAT)	R&M Inflationary rise 3.00%	Rental Income Inflationary rise 3.00%	Total Cashflow Before Loan Int	40 Year New PWLB Loan Interest 2.62%	Total Cashflow After Loan Int	Net Present Value (NPV) Discount Rate 3.00%	Repayment Construction Capital Depreciation	Annual (Profit) / Loss	Return on Investment
			A	B	C	D=A+B+C	B2	D2 = D+B2	D2 Discounted	E	F = B+B2+C+E	
			£	£	£	£	£	£	£	£	£	£
0	2017/18	Preliminary Works	693,000	0	0	693,000	0	693,000	693,000		0	0.0%
1	2018/19	Main Construction	3,918,143	0	0	3,918,143	223,467	4,141,610	4,020,981		223,467	-2.6%
2	2019/20	Letting income from Oct 19	3,918,143	0	-148,564	3,769,579	220,239	3,989,819	3,760,787	218,700	290,375	-3.4%
3	2020/21			20,000	-297,127	-277,127	216,927	-60,201	-55,092	218,700	158,499	-1.9%
4	2021/22			20,600	-306,041	-285,441	213,527	-71,914	-63,895	218,700	146,786	-1.7%
5	2022/23			21,218	-315,222	-294,004	210,039	-83,966	-72,430	218,700	134,734	-1.6%
6	2023/24			21,855	-324,679	-302,825	206,459	-96,366	-80,705	218,700	122,334	-1.4%
7	2024/25			22,510	-334,419	-311,909	202,785	-109,124	-88,728	218,700	109,575	-1.3%
8	2025/26			23,185	-344,452	-321,267	199,015	-122,252	-96,507	218,700	96,448	-1.1%
9	2026/27			23,881	-354,786	-330,905	195,146	-135,758	-104,048	218,700	82,941	-1.0%
10	2027/28			24,597	-365,429	-340,832	191,176	-149,656	-111,358	218,700	69,044	-0.8%
11	2028/29			25,335	-376,392	-351,057	187,102	-163,955	-118,444	218,700	54,745	-0.6%
12	2029/30			26,095	-387,684	-361,588	182,921	-178,667	-125,314	218,700	40,032	-0.5%
13	2030/31			26,878	-399,314	-372,436	178,631	-193,805	-131,972	218,700	24,894	-0.3%
14	2031/32			27,685	-411,294	-383,609	174,228	-209,381	-138,426	218,700	9,318	-0.1%
15	2032/33			28,515	-423,633	-395,117	169,710	-225,408	-144,681	218,700	-6,708	0.1%
16	2033/34			29,371	-436,342	-406,971	165,073	-241,898	-150,743	218,700	-23,198	0.3%
17	2034/35			30,252	-449,432	-419,180	160,315	-258,865	-156,617	218,700	-40,165	0.5%
18	2035/36			31,159	-462,915	-431,755	155,433	-276,323	-162,311	218,700	-57,623	0.7%
19	2036/37			32,094	-476,802	-444,708	150,422	-294,286	-167,827	218,700	-75,587	0.9%
20	2037/38			33,057	-491,106	-458,049	145,280	-312,769	-173,173	218,700	-94,070	1.1%
21	2038/39			34,049	-505,839	-471,791	140,003	-331,787	-178,352	218,700	-113,088	1.3%
22	2039/40			35,070	-521,015	-485,945	134,589	-351,356	-183,370	218,700	-132,656	1.6%
23	2040/41			36,122	-536,645	-500,523	129,032	-371,491	-188,231	218,700	-152,791	1.8%
24	2041/42			37,206	-552,744	-515,539	123,330	-392,209	-192,941	218,700	-173,509	2.0%
25	2042/43			38,322	-569,327	-531,005	117,478	-413,527	-197,503	218,700	-194,827	2.3%
26	2043/44			39,472	-586,407	-546,935	111,473	-435,462	-201,921	218,700	-216,762	2.5%
27	2044/45			40,656	-603,999	-563,343	105,311	-458,032	-206,201	218,700	-239,333	2.8%
28	2045/46			41,876	-622,119	-580,243	98,987	-481,256	-210,346	218,700	-262,557	3.1%
29	2046/47			43,132	-640,782	-597,650	92,497	-505,153	-214,360	218,700	-286,454	3.4%
30	2047/48			44,426	-660,006	-615,580	85,838	-529,742	-218,247	218,700	-311,043	3.6%
31	2048/49			45,759	-679,806	-634,047	79,004	-555,044	-222,010	218,700	-336,344	3.9%
32	2049/50			47,131	-700,200	-653,069	71,991	-581,078	-225,654	218,700	-362,378	4.2%
33	2050/51			48,545	-721,206	-672,661	64,794	-607,867	-229,182	218,700	-389,167	4.6%
34	2051/52			50,002	-742,842	-692,841	57,409	-635,432	-232,597	218,700	-416,732	4.9%
35	2052/53			51,502	-765,128	-713,626	49,830	-663,796	-235,902	218,700	-445,097	5.2%
36	2053/54			53,047	-788,081	-735,035	42,052	-692,982	-239,101	218,700	-474,283	5.6%
37	2054/55			54,638	-811,724	-757,086	34,071	-723,015	-242,198	218,700	-504,315	5.9%
38	2055/56			56,277	-836,076	-779,798	25,881	-753,917	-245,194	218,700	-535,218	6.3%
39	2056/57			57,966	-861,158	-803,192	17,476	-785,716	-248,093	218,700	-567,017	6.6%
40	2057/58			59,705	-886,993	-827,288	8,851	-818,437	-250,897	218,700	-599,737	7.0%
			8,529,286	1,383,189	-20,697,730	-10,785,255	5,337,789	-5,447,466	1,970,198	8,529,286	-5,447,466	

Loan Repayment Annuity			
Opening Balance	Loan Repayment	Principal + Interest	Closing Balance
£	£	£	£
8,529,286	-123,210	-346,677	8,406,076
8,406,076	-126,438	-346,677	8,279,639
8,279,639	-129,750	-346,677	8,149,888
8,149,888	-133,150	-346,677	8,016,739
8,016,739	-136,638	-346,677	7,880,100
7,880,100	-140,218	-346,677	7,739,882
7,739,882	-143,892	-346,677	7,595,990
7,595,990	-147,662	-346,677	7,448,328
7,448,328	-151,531	-346,677	7,296,798
7,296,798	-155,501	-346,677	7,141,297
7,141,297	-159,575	-346,677	6,981,722
6,981,722	-163,756	-346,677	6,817,966
6,817,966	-168,046	-346,677	6,649,920
6,649,920	-172,449	-346,677	6,477,471
6,477,471	-176,967	-346,677	6,300,504
6,300,504	-181,604	-346,677	6,118,900
6,118,900	-186,362	-346,677	5,932,539
5,932,539	-191,244	-346,677	5,741,294
5,741,294	-196,255	-346,677	5,545,039
5,545,039	-201,397	-346,677	5,343,642
5,343,642	-206,673	-346,677	5,136,969
5,136,969	-212,088	-346,677	4,924,881
4,924,881	-217,645	-346,677	4,707,236
4,707,236	-223,347	-346,677	4,483,888
4,483,888	-229,199	-346,677	4,254,689
4,254,689	-235,204	-346,677	4,019,485
4,019,485	-241,366	-346,677	3,778,119
3,778,119	-247,690	-346,677	3,530,429
3,530,429	-254,180	-346,677	3,276,249
3,276,249	-260,839	-346,677	3,015,410
3,015,410	-267,673	-346,677	2,747,737
2,747,737	-274,686	-346,677	2,473,051
2,473,051	-281,883	-346,677	2,191,168
2,191,168	-289,268	-346,677	1,901,900
1,901,900	-296,847	-346,677	1,605,053
1,605,053	-304,624	-346,677	1,300,428
1,300,428	-312,606	-346,677	987,823
987,823	-320,796	-346,677	667,027
667,027	-329,201	-346,677	337,826
337,826	-337,826	-346,677	0

It is beneficial to proceed if:
 - The Total NPV over the 40 years is negative (ie income exceeds expenditure)
 - The Annual Return on Investment is reasonable.

IRR 3.95% Negative is good Negative is good

Notes:

This capital expenditure figure excludes decontamination costs (as these are reclaimable from TVPA).
 It also excludes the cost of purchasing the site, as the intention is to retain the ownership of the site and thus the Council will always retain the value of the land.

Rental Income	Rent / Month	Max Rent	Occupancy 2 void weeks in 12 mths	Mgt Fee 10%	Net Rent	Potential Avoided B&B Costs	Nightly let Rent per night	Nightly let Rent per year	HB allowance per year	Client contribution per year	Net cost per year
			0.038461538				£	£	£	£	£
6 1 bed flat	800	57,600	-2,215	-5,760	49,625	2 bed flat - AH	70.00	25,550	7,300	1,300	16,950
14 2 bed flat	950	159,600	-6,138	-15,960	137,502	Total 14 flats					237,300
14 2 bed flat - AH	760	127,680	-4,911	-12,768	110,001						
34		344,880	-13,265	-34,488	297,127						

This page is intentionally left blank